

Independent Auditors' Report

To the Shareholders and Board of Directors of Kiyo Holdings, Inc. :

We have audited the accompanying consolidated balance sheets of Kiyo Holdings, Inc. (the "Company") and its consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income for the years then ended, the consolidated statements of changes in net assets for the year ended March 31, 2008, and the consolidated statements of cash flows for the years ended March 31, 2008 and 2007, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kiyo Holdings, Inc. and its consolidated subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:

- (1) As discussed in Note 2(i) to the consolidated financial statements, effective April 1, 2007, Kiyo Holdings, Inc. and its consolidated subsidiaries changed the method of accounting for reimbursement of deposits.
- (2) As discussed in Note 25, on June 5, 2008, Namirei-Showa Co., Ltd., a company on which the Company's consolidated subsidiary Kiyo Bank Ltd. currently holds claims, applied to the Osaka District Court to commence legal procedures for civil rehabilitation. As of that date, the outstanding loan assets held by Kiyo Bank, Ltd. in regard to Namirei-Showa amounted to ¥822 million (\$8,209 thousand). Kiyo Bank is expected to make an additional provision in the amount of ¥595 million (\$5,944 thousand) to deal with the default in the following business year.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

KPMG AZSA & Co.
Osaka, Japan
June 27, 2008